



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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AND BUSINESS REGULATION

June 19, 2001

Cheryl M. Kimball
Keegan, Werlin and Pabian, LLP
21 Custom House Street
Boston, MA 02110

Re: Southern Union Company 00-52

Dear Ms. Kimball:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Southern Union Company ("the Company") issued in the above-captioned matter. Please submit the Company's responses on or before Thursday, June 21, 2001

Thank you for your attention in this matter.

Sincerely,

Elizabeth A. Cellucci
Hearing Officer

Enc.

cc: Mary Cottrell, Secretary
George Dean, Assistant Attorney General
Carol Wasserman, Division of Energy Resources

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO SOUTHERN UNION COMPANY**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Southern Union Company ("the Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

- 1 Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
- 2 Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
- 3 These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
- 4 The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn, and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
- 5 The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Company finds that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.

7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department; also submit one (5) copies of the responses to Elizabeth Cellucci, Hearing Officer.
8. Responses are due by 5:00 p.m. Thursday, June 21, 2001.

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO SOUTHERN UNION COMPANY**

- DTE-1 Please provide the total number of shares redeemed via the Plan Broker referenced in Exhibit SU-1 at 8 for each year 1995 to 2000.
- DTE-2 Please provide the “cash equivalent” dividend that would have been paid to shareholders for each of the years 1995 to 2000.
- DTE-3 Please compare, for the years 1995 to 2000, the annual rate of return (pre-tax) that an investor would have realized from: 1) the in-kind dividend, 2) a hypothetical cash dividend, and 3) the cash equivalent actually paid by the Plan Broker to shareholders who sold their dividends.
- DTE-4 Please calculate, for the years 1995 to 2000, the percentage of net earnings that the Company’s in-kind stock dividend represented. Please compare these percentages to a set of publicly traded peer companies.
- DTE-5 Please identify a set of publicly traded peer companies that distribute in-kind stock dividends rather than cash to shareholders.
- DTE-6 Please substantiate the statement made in Exhibit SU-1 at 10 suggesting 5.6% represents “a small number of shares in comparison the overall number of outstanding shares.” Please consider the widely known standard that five percent of a company is considered an indicator for significant or “controlling” ownership.
- DTE-7 Please provide the “as of date” of the financial data used in Exhibit SU-3.
- DTE-8 Please refer to Exhibit SU-3. How many shares are “held in trust” as of the date Exhibit SU-3 was prepared?
- DTE-9 Please disclose the nature of the trust established for the shares held in trust shown in Exhibit SU-3.

- DTE-10 Please refer to Exhibits SU-3 and SU-4. Please reconcile the Total Stockholders Equity Figure on Exhibit SU-3 (\$417,509) with the comparable figure on Exhibit SU-4 (\$371,359).
- DTE-11 Please describe the call provisions characteristic of the preferred stock issue described in Exhibit SU-1 at 13.
- DTE-12 Please refer to the preferred stock issue described in Exhibit SU-1 at 13. Are dividend payments to the shareholders of this class made by subordinated notes or cash?
- DTE-13 Please provide additional comment in regard to those shareholders participating in the Plan Broker Plan referenced at Exhibit SU-1 at 8 and, as a result, are subject to a capital gains tax (at an ordinary income tax rate) since the holding period for the stock is less than one year.